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October 17, 2012

VIA ELECTRONIC FILING

Mrs. Jocelyn Boyd
Chief Clerk
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29211

**RE: Application Regarding the Acquisition of Progress Energy, Incorporated by
Duke Energy Corporation and Merger of Progress Energy Carolinas,
Incorporated and Duke Energy Carolinas, LLC
Docket No. 2011-158-E**

Dear Mrs. Boyd:

In Order No. 2012-517 Approving Joint Dispatch Agreement ("JDA"), the Public Service Commission of South Carolina ("Commission") conditioned its approval of the JDA on, among other things, Duke Energy Carolinas, LLC's ("DEC") and Progress Energy Carolinas, Inc.'s ("PEC") filing with the Commission all reports the North Carolina Utilities Commission required DEC and PEC to file in Order *Approving Merger Subject to Regulatory Conditions and Code of Conduct*, issued June 29, 2012, in Dockets Nos. E-2, 998 and E-7, Sub 986. (Order Approving JDA at 43.)

One report that must be filed in North Carolina is Potomac Economics' report to FERC concerning DEC's and PEC's compliance with the interim mitigation measures meant to address FERC's market power concerns stemming from the DEC and PEC merger. The reports Potomac has issued since the close of the merger are attached. The reports find DEC and PEC in compliance with FERC interim mitigation measures.

Going forward, DEC and PEC would propose filing the Potomac Economics reports on a quarterly basis. If there are questions about the timing for filing the reports or questions about the reports themselves, please let me know.

If you have any questions, please let me know.

Respectfully submitted,



Timika Shafeek-Horton

Enclosures

cc: Pablo O. Nuesch, Counsel
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